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DCI/RM 79-2366
24 August 1979

MEMORANDUM FOR: Deputy to the DCI for Resource Management

VIA: Director, Program Assessment Office ~~XXXX~~

FROM: [REDACTED]

SUBJECT: Energy Intelligence Survey

1. Attached you will find two memoranda; one drafted by [REDACTED] in early August, the other drafted by me on 22 August. [REDACTED] summarizes for you the history of the study on energy intelligence conceived by [REDACTED] and her assessment (with which both [REDACTED] and I concur) of the data provided us in response to the questionnaire sent by [REDACTED] to various collectors, processors and producers of energy intelligence. My memo summarizes conversations [REDACTED] and I had with [REDACTED], Executive Secretary of the Scientific and Technical Intelligence Committee (STIC) and with [REDACTED] in his capacity as Executive Secretary of the Economic Intelligence Committee (EIC). You will note that we briefed both [REDACTED] on our initial findings, provided them with the rough compilations of data obtained from [REDACTED] request, and proposed that any further research in the problems of foreign energy intelligence (non nuclear) by RMS be postponed pending a determination by NFAC, STIC, and the EIC as to their needs and requirements for such a study. (These rough compilations are available in PAO should you wish to see them.) We would then be prepared, as part of a Community effort in which those organizations plus the Tasking Center and the Department of Energy (if appropriate) would cooperate, to address the resource implications of any restructuring of the present system for collecting, processing and producing foreign energy intelligence.

2. I recommend that we refine the data we have provided in rough form to the STIC and the EIC but omit the resource figures which are very questionable indeed. If, but only if, we are queried by other members of the Community who made an input to the energy questionnaire, we could then provide them with this data and request their comments. Should Maurice Ernst, on behalf of both OER and the EIC, and [REDACTED] (to whom [REDACTED] will be talking) request further RMS assistance, we should then discuss with them and other Community organizations concerned, the type of further research to be done and the responsibilities to be apportioned amongst the various players.

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DCI/RM 79-2368
24 August 1979

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MEMORANDUM FOR:

FROM:

SUBJECT: Energy Intelligence Review

1. During the spring of 1978, [] of the Resource Management Staff undertook a review of the Intelligence Community's handling of energy intelligence. The study was patterned after one he had conducted the previous year on nuclear proliferation. That study's conclusion -- that intelligence on nuclear proliferation received insufficient collection priority and was poorly managed in production -- resulted in the creation of a National Intelligence Officer for Nuclear Proliferation (NIO/NP). STATINTL

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2. [] found institutional support for his initiative in the Department of Energy. In its response of 28 April 1978 to questions submitted by the SSCI (at former Senator Hathaway's behest), DOE noted that it had recommended that the IC Staff conduct "a study of Community energy intelligence collection and analysis capabilities and current activities." The proposed IC Staff study was cited repeatedly as a reason for deferring DOE's answers to questions on the management and coordination of energy intelligence.

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3. [] was encouraged by the initial response to his proposal within the Community. Intelligence on energy matters appeared to suffer from many of the same problems found in the area of nuclear proliferation. Producers and some consumers readily argued that the priority accorded energy was not high enough to meet their needs. The sheer diversity of actors engaged in collecting, processing, and producing energy intelligence gave rise to speculation that duplication of effort occurred, especially as no clear focal point or coordinating body existed. Consumers cited gaps in intelligence coverage and complained about the quality of the products they received.

4. To aid in assembling a report supporting these contentions and exploring possible remedies, a questionnaire was distributed on 18 September 1978 among thirty-one collectors, processors, producers, and consumers of energy intelligence both within and outside the NFIP. The questions covered a broad range of topics -- definitions of energy intelligence, collection requirements and priorities, production activities (including actions planned to improve the quality of analysis), coordinating mechanisms for interdisciplinary studies, user-producer interaction, recommended managerial changes, and the satisfaction of energy intelligence consumer. In addition, the questionnaire

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requested each organization to estimate the NFIP resources, in money and manpower, devoted directly to the various phases of the energy intelligence cycle.

5. While awaiting the responses to the survey, [] in July 1978 STATINTL began a series of interviews with persons interested in improving the quality of energy intelligence. The discussions, conducted over the summer of 1978, covered many of the same topics addressed in the questionnaire, but expanded the survey to include participation by staff members of the Council of Economic Advisors, the Federal Reserve Board, the Office of Technology Assessment, and other possible consumers.

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6. The scope of [] inquiry and the range of questions in the survey forms elicited an angry memorandum, dated 13 October 1978, to the DCI from NFAC's director, Dr. Robert Bowie. In both the SAI contract and the energy study, Bowie felt that RMS was assuming responsibility in areas where it possessed no authority. Although he mentioned the purview of the Collection Tasking Staff, he was most concerned that the "sweeping investigation into intelligence activities in the energy field" not stray into the "management of production" arena. Until the distinction "between the evaluative functions performed by the DD/RM and by DD/NFA insofar as intelligence production is concerned" could be made clear, he refused to provide the survey responses of NFAC and the Economic Intelligence Committee.

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7. [] left RMS in the fall of 1978 and responsibility for the Energy Intelligence Review fell to [] STATINTL in obtaining the NFAC/EIC responses early in 1979 after reaching an understanding with [] Executive Secretary of the EIC and designated point of contact with NFAC, that the study would focus exclusively on resource issues unearthed during a compilation of the survey results.

8. During this same period Bowie's staff composed a letter in response to one the DCI had received from the Secretary of Energy. Schlesinger was concerned about the priority assigned to energy intelligence, the quality of energy intelligence analyses, and the coordination of Community efforts. Turner's response addressed the Secretary's concerns and suggested that he and Schlesinger discuss the issues further "... when the Resource Management Staff completes its study of Community resources being devoted to Energy Intelligence activities"

9. However, the questionnaire, based as it was on [] STATINTL previous study, failed to note an essential difference between intelligence on nuclear proliferation and that on energy. Most activity

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in the field of nuclear proliferation and nuclear weapons development occurs exclusively within the domain of governments and highly secretive defense industries. The bulk of intelligence used in supporting U.S. policy on nuclear proliferation -- the monitoring of Nuclear Proliferation Treatys (NPT's) and the establishment of international safeguards against the theft of nuclear materials -- comes from clandestine sources. Conversely, intelligence on energy matters comes from a variety of sources: governments, corporations, and the scientific community. Much of it is published in the press and in trade journals. Some is available only through collection by intelligence systems and clandestine methods.

10. Any study of energy intelligence must begin by determining the proper mix among the various sources of intelligence. This is impossible to do solely on the basis of the survey results. Only after these roles have been made clear (even if in a theoretical manner) can one hope to ascertain whether intelligence assets -- from collection systems to production analysts -- are being used effectively. The questions that logically follow are primarily ones concerning the management of tasking and production. In this manner one might be able to identify duplications and shortfalls in the energy intelligence cycle.

11. If one were to proceed with a study of energy intelligence along the lines sketched above, the chances of being able to relate its results directly to resource issues are slim. Tracking funds devoted directly to energy intelligence, as the responses to the survey show, is exceedingly difficult. The estimates supplied by each organization must be viewed with great skepticism as many inconsistencies in the way the figures were computed have been found.

12. The likelihood of making significant recommendations for improving the organization of the energy intelligence cycle is probably not as great as it was when this review began. Three changes in the Community's management of energy intelligence address many of the complaints registered in the survey responses and may already invalidate some of them.

i) The Economic Intelligence Committee announced its intention to assume the leading role in the Community for energy intelligence.

ii) The revised NIT's now list energy as a topic of both current and long-term interest. In addition, the most recent DCID 1/2 has redefined energy intelligence and its collection priorities have been reexamined (and somewhat raised).

iii) Several HUMINT Tasking Plans, designed to emphasize overt collection, have been drafted to coordinate collection on energy in a number of specific regions.

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13. Because of these changes and because the responses to the questionnaire provide only a thin and not terribly revealing sketch of the energy intelligence cycle, it make little sense for RMS to release collated results of the survey. Any further study will require the active cooperation and participation of NFAC and CTS. The results are uncertain at best, particularly from a resource perspective.



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DCI/RM 79-2367
24 August 1979

MEMORANDUM FOR THE RECORD

SUBJECT: Energy Intelligence

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1. On the afternoon of 21 August, [] and I met with Mr. [] Executive Secretary of the Scientific and Technical Intelligence Committee (STIC). [] had telephoned me several days before at [] suggestion to inquire into the status of our study on energy intelligence. He had been tasked by [] to review the report on energy intelligence produced some 18 months ago by the Scientific and Technical Advisory Panel (STAP) and to advise [] what action had been taken on that Panel's recommendations. [] believed that RMS had addressed some of the problems raised in the STAP report.

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2. I told [] that we had reviewed the data requested by [] that in our view there was insufficient material on which to base an adequate study and that we were under the impression that certain of the problems which gave rise to the proposed study had been resolved. In order best to determine how we could assist [] I proposed that [] and I meet with him to discuss our findings.

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3. [] explained that the intelligence function of the Department of Energy (DOE) was still in a state of flux; that although the Economic Intelligence Committee (EIC) had proposed the establishment of a subcommittee on energy, to the best of his knowledge such a subcommittee had never been formed, and that the EIC was the most moribund of the DCI's committees; that Maurice Ernst, Director of the Office of Economic Research (OER) and chairman of the EIC, was basically disinterested in Community problems and, as far as energy intelligence was concerned, believed that the burden of production was on OER and that he could expect little of DOE. I offered to provide [] with the very rough compilation [] had prepared on the answers to the questionnaire sent to some 16 government agencies and offices by [] Both [] and I emphasized that the data was very raw indeed but that if there were any points covered on which [] wished further clarification, we would be glad to provide this. I told him that we were in somewhat of a dilemma for we did not wish to produce a study based on insufficient information, nor one which did not benefit the Community as a whole. It had been extremely difficult for us to obtain useful data on resources in money and manpower relating to the collection, processing, and

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production of energy intelligence since most agencies and offices did not separate energy intelligence as an individual line item in their budgets. It was my conviction, I said, that any further study must depend upon the needs of the analytic community for only they could advise us of problems that they were encountering in shortfalls, duplications, or other inadequacies in collection and processing. Once such problems were identified we from RMS would examine the resource implications of correcting deficiencies. RMS would welcome a cooperative effort with NFAC, CTS, and the STIC to address the problem of energy intelligence. It was apparent, however, that it would be inadvisable for RMS alone to address problems which cut across the responsibilities of these other components.

4. [] replied that he shared my view and believed that it might be more sensible for the EIC to take the lead in any such study since this was indeed a DCI, and thus, a Community committee, and desperately required a purpose in life. I suggested to [] that I take advantage of our visit to Langley to discuss this matter with [] Executive Secretary to the EIC and [] heartily concurred.

5. [] and I then went to see [] who had been instrumental in obtaining for RMS the data [] had requested from OER and the EIC. We gave him a copy of [] raw compilation and briefed him on our earlier discussion with []. He confirmed [] statement that the energy subcommittee of the EIC had never been activated and that Maurice Ernst had had little time to address community implications of energy intelligence. [] will review [] compilation and discuss his conversation with us with Maurice Ernst and let me know in the near future their views on what further steps, if any, should be taken for an energy intelligence study.

6. The following afternoon [] called to say that he had found the rough compilation of the Energy Survey which we had left with him of considerable interest. However, he commented that the resource figures were "virtually worthless". His opinion was based, at least partially, on the fact that he knew how several of the figures had been prepared and obviously did not trust the methods involved. We told [] that we welcomed his opinion of the compilation but would defer any further work pending [] comments. I then called [] told him that [] had suggested we refine our rough survey, but that I had deferred any decision until we received the views of OER/EIC. [] said he had yet to talk with Maurice Ernst, that he planned to do so as soon as possible, and that he agreed with me that if we were to do any more than refine the data we had already shown him, this must be part of a truly Community effort involving STIC, the EIC, NFAC and the Tasking Center.